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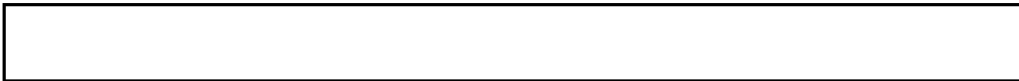
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EUROPEAN COMMUNITIES: Despite lack of agreement on immediate institutional reforms, the nine-nation summit in Paris last week went further than had been expected in committing the members to both economic and political integration.

The summit participants explicitly called for transforming the present amorphous relationship among the member-states into a "European Union" before the end of the decade. Although such a union remains carefully undefined, a date--1975--has now been set for a summit debate on the issues involved. The commitment shows some movement on France's part, away from rigid insistence that economic and political integration be kept on separate tracks. Moreover, Paris' continued opposition to the Dutch demand for popular election of the European Parliament is partially offset by its willingness to increase the Parliament's role in decision making and by its agreement to extend the community's jurisdiction into areas not specifically mentioned in the EC treaties.

The summit set new deadlines for establishing a number of EC policies within the next two years. Several of these--notably regional and social policies--will entail the use of community financing, probably at the expense of expenditures on agricultural support.

Relations with the US were considered at some length at the summit conference. Although the German proposal for an institutionalized dialogue was not accepted, no participant disputed that it was important for the US and the EC to hold common views. The Nine agreed to decide by 1 July 1973 on what approach to take to the trade negotiations the US has been pushing for and expressed the hope that these negotiations might be completed in 1975.

According to a high German Foreign Ministry official, the communiqué's section on external relations is a balance between the global emphasis

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of The Hague and Bonn, and Paris' emphasis on the importance of Africa to Europe. The official claims that the community's Mediterranean policy, to which the US has raised strong objections, will now be considered "in a broader context." On relations with Eastern Europe, the summit reaffirmed the EC's determination to put a common commercial policy into effect on 1 January 1973.

Although a squabble over an alleged leak to the press of a French draft for a preamble to the communiqué had little effect on the summit outcome, French Foreign Minister Schumann's apology to the British for the incident may be indicative of the less influential role that France will play in the enlarged community. According to a German official, Prime Minister Heath was "a commanding personality"--insisting that since everything about the EC is political, the community must deal with the political implications of its actions.

[REDACTED]

[REDACTED]

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CHILE: Strikes by various commercial and professional groups continue, with no significant change in the pattern established over the past ten days. No major demonstrations have occurred since 20 October, and some strikers in the transportation field have resumed operations. Opposition party leaders, who have called for a "day of silence" today, maintain that the protest effort will continue until their demands are met. Communist and Socialist party leaders, for their part, are showing increasing confidence that the Allende government will succeed in riding out the current crisis, [REDACTED] 25X1

They point to the government's ability to maintain adequate food supplies in the Santiago area and to the continued support of the armed forces as the main reasons for their confidence. [REDACTED] 25X1

[REDACTED]

* * * *

USSR-IRAN: The Shah's recent 11-day trip to the Soviet Union apparently went fairly smoothly. Both sides accentuated the positive--especially economic relations--and agreed to disagree on various political issues. Each pointed to the 15-year economic cooperation agreement as the principal accomplishment. The official communiqué describes the top-level talks as "frank." Moscow once again appears to have attempted to lessen Iranian concern over Soviet policy by agreeing to call for a settlement of Gulf questions "by countries of the area themselves and without outside interference." Despite President Podgorny's broad public hint that Moscow wanted an endorsement of its Asian collective security idea, the communiqué is noncommittal on that subject. [REDACTED] 25X1

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THE YEMENS: Delegations of Sana and Aden, meeting in Cairo under Arab League auspices, reached agreement yesterday on broad terms for the eventual unity of the two countries, according to a press report. A fourth round of talks between the two Yemens will be held today, with the prime ministers of the two countries reportedly scheduled to meet in Cairo on 26 October. The unity agreement, which will not become effective until approved by the presidents of the two countries at a later summit conference, provides for the formation of eight specialized committees to make concrete plans within one year for unification. The delegations have apparently not dealt with such thorny questions as the repatriation of Adeni exiles or compensation for nationalized property. Neither the National Unity Front, the anti-Aden dissident organization, nor its supporters in Sana or Saudi Arabia can be expected to be pleased with the agreement, but they probably feel that much can happen during the planning period.



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VENEZUELA: The Venezuelan Government has announced only a modest increase in tax reference values--the basis for estimating oil company taxes--for next year. The increase, which averages about 10-12 cents per barrel, is within acceptable limits for the foreign-owned oil companies, and is considerably less than some opposition congressmen had advocated in recent weeks. By its action, the Caldera administration is showing a degree of moderation that has been absent from its petroleum policy in recent years. The government evidently intends to improve the atmosphere for the talks that will soon begin between the US and Venezuela on a long-term energy treaty. [REDACTED]

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